United States District Court Southern District of Texas

## **ENTERED**

March 07, 2023 Nathan Ochsner, Clerk

## IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF TEXAS HOUSTON DIVISION

SCOTT SULLIVAN, FRANK
DELLACROCE, et al.,

Plaintiffs,

V.

CIVIL ACTION NO. H-20-2236

STEWART A. FELDMAN, THE FELDMAN
LAW FIRM LLP, et al.,

Defendants.

## PARTIAL FINAL JUDGMENT

Judgment is issued in favor of Plaintiffs, Dr. Scott Sullivan; Dr. Frank DellaCroce; St. Charles Surgical Hospital, LLC; St. Charles Holdings, LLC; Center for Restorative Breast Surgery, LLC; and Sigma Delta Billing, LLC (collectively, the "Doctors"), and the "Class Members"1; against Defendants, Stewart Feldman; The Feldman Law Firm LLP; Capstone Associated Services, Ltd.; Capstone Associated Services (Wyoming), LP; Capstone Insurance Management, Ltd., and Jeff Carlson (collectively, the "Feldman and Capstone Parties"); as set forth below.

This Court issues this partial final judgment pursuant to this Court's (1) December 20, 2022 Memorandum and Opinion (Docket Entry No. 153) confirming the March 29, 2022 arbitration award of Charles Jones (the "Jones Award") and the March 9, 2022 arbitration award of Mark Glasser, (2) January 11, 2023 Order (Docket Entry No. 154) confirming the March 22, 2022 award of Caroline Baker, and (3) the Court's March \_\_\_, 2023 Order (Docket Entry No. \_\_) confirming the March 22, 2022 award and April 14, 2022 award of Robert Kutcher.

Pursuant to these rulings, it is ordered that:

- (a) The Feldman and Capstone Parties are jointly and severally liable to the Doctors and Class Members for breaching fiduciary duties, committing professional malpractice, making fraudulent and negligent misrepresentations, fraud, conversion, violating the Texas Deceptive Trade Practices Act, and violating RICO.
- (b) The Feldman and Capstone Parties are jointly and severally liable to, and must pay, the Doctors a total amount of \$94,542,659.80, consisting of the principal amount of \$70,336,224.60, plus attorneys' fees and costs incurred in the arbitration proceedings awarded by Judge Jones in the Jones Award in an amount of \$18,348,294.60 and accrued prejudgment interest in the amount of \$5,858,140.80, which reflects a 5% interest rate on the principal amount of the Award from July 29, 2020 through March 28, 2022.
- (c) The Feldman and Capstone Parties are also jointly and severally liable for, and must pay the Doctors, post-award interest on the total amount owed as of March 29, 2022, accruing at 5% after March 28, 2022 in the amount of \$12,951.05 per diem thereafter until paid.
- (d) The Feldman and Capstone Parties and those in active concert with them cannot tender to the risk pool or pool participants for payment or reimbursement any portion of: (1) A.M.Y. Property & Casualty Insurance Corp.'s claims, (2) the legal fees and expenses incurred in the Judge Dorfman arbitration, the arbitration proceedings, or other related arbitrations or proceedings in state or federal court, and state bar proceedings, or (3) any damages awarded in this Judgment or the arbitration proceedings addressed in the Court's December 20, 2022 Memorandum and Opinion.
- (e) The Feldman and Capstone Parties take nothing on their claims and counterclaims and all relief they sought is rejected.

Pursuant to Federal Rule of Civil Procedure 58(a), partial final judgment is entered in favor of the Doctors and Class Members and against the Feldman and Capstone Parties. This partial final judgment finally resolves all claims by and between the Doctors and the Feldman and Capstone Parties that were the subject of motions to confirm or vacate (1) the March 29, 2022 arbitration award of Charles Jones, (2) the March 9, 2022 arbitration award of Mark Glasser, (3) the March 22, 2022 arbitration award of Caroline Baker, and (4) the March 22, 2022 arbitration award and April 14, 2022 order on attorneys' fees and costs of Robert Kutcher. That leaves the claims for damages of Class Members still outstanding. Under Federal Rule of Civil Procedure 54(b), this

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Court expressly determines that there is no just reason for delay in the entry of this partial final judgment notwithstanding the Court's retention of jurisdiction to decide a motion to confirm Charles Jones' phase two award on class damages.

This is a Final Judgment.

SIGNED on March 7, 2023, at Houston, Texas.

Lee H. Rosenthal United States District Judge

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